PROVINCIAL CAPITAL COMMISSION

SERVICE PLAN 2005/6 – 2007/8

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LETTER FROM THE CHAIR

Honourable Murray Coell
Minister of Community, Aboriginal and Women's Services

Dear Minister:

The Capital of our province has a defining role to play as a venue to promote the diverse cultures and rich history of British Columbia. The Provincial Capital Commission (PCC) continues to dedicate itself to connecting and celebrating the Capital with all citizens, ensuring that the Capital is a source of pride for all British Columbians, no matter where they live.

For the period covered by this Service Plan, the PCC will place special attention to engaging and involving the children and youth of British Columbia. Children and youth are the foundation upon which our province's future will be built, and within this context, plans and programs will be developed for effective outreach and involvement. Communication is a fundamental requirement for reaching and engaging the citizens of the province and a strong communications component will be a key element of our outreach.

The PCC has invested in valuable strategic partnerships and alliances with other public agencies, other levels of government and the private sector. It provides leadership and acts as a facilitator and enabler to bring together organizations with common interests to plan, share resources and work cooperatively toward the achievement of mutual goals.

As the Crown Corporation entrusted by the citizens of the province to preserve many of Victoria's significant historical and cultural assets, the PCC demonstrates responsible stewardship by maintaining and enhancing its assets for the present and future benefit of all British Columbians. The Capital's Inner Harbour is the setting for British Columbia's legislative buildings and the publicly owned heritage assets and other properties held by the PCC around the harbour represent both a responsibility and an opportunity to maintain and grow the significance of one of the world's most spectacular sights.

The PCC is mindful of the essential requirements of good governance and sound corporate management. It will continue to focus on improving and developing Board policy to guide all activities and decision-making and it will continue to implement and adhere to corporate best practices.

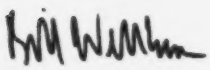
This Service Plan is based upon past accomplishments and reflects the commitment to advance the change agenda embarked upon during the past year. The Commission has consolidated and refocused its earlier goals and objectives into three key strategic goals:

1. Create an embracing concept of the Capital for all British Columbians
2. Optimizing opportunities and revenues from assets to fund outreach programs
3. Implementing and adhering to governance and corporate best practices

A significant challenge for the next two years will be maintaining the PCC's economic viability and self-sustainability, while undertaking property developments needed to meet our obligations as a responsible landlord, and to set the foundation for optimizing future returns on our assets. Marketplace conditions and revenue flow need to be considered through prudent planning. Another major challenge will be creating and delivering outreach and engagement programs that fulfill our mission to connect and celebrate the capital with British Columbians. Development of a clear and compelling notion of what the Capital means to citizens across the province along with implementation of strategies that achieve our desired outcomes is critical to our success in this area. Exciting opportunities exist to capitalize on major government and community initiatives such as the 2010 Olympics and developments on the Inner Harbour.

During the past year we have informed the public and emphasized the fundamental mission of the PCC; made major changes to align our programs with this purpose; and reorganized and built our capacity to achieve the mandate. Completion of an enterprise wide risk management study has positioned us to set priorities and move forward on areas of greatest concern. During the coming years we will concentrate on sustaining the benefits of the investments that have been made.

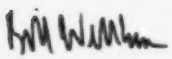
We are committed to careful planning for the future. We will remain in close touch with the needs and aspirations of the province as we continue to grow the Capital into the lives of all its citizens. The PCC is honoured to be charged with its mandate of connecting the Capital with all British Columbians and is dedicated to the challenge.



Bill Wellburn CA
Chair.

ACCOUNTABILITY STATEMENT

The 2005/06 - 2007/08 Provincial Capital Commission Service Plan was prepared under the direction of the Board of Directors in accordance with the Budget Transparency and Accountability Act. The Board is accountable to the Minister responsible for the contents of the plan, including the selection of performance measures and targets. The plan is consistent with government's strategic priorities and overall Strategic Plan. All significant assumptions, policy decisions, and identified risks, as of December 31 2004, have been considered in preparing the plan. The Board is further accountable to the Minister responsible for ensuring that the Commission achieves its specific objectives identified in the plan and for measuring and reporting actual performance.



Bill Wellburn CA
Chair.

OVERVIEW OF THE ORGANIZATION

The history of the Provincial Capital Commission (PCC) and its predecessor organizations go back to the 1950s. The *Capital Commission Act* currently provides the PCC with powers that focus principally on real property and beautification throughout the Capital Improvement District. At the direction of government, the mandate of the PCC was expanded in 2003 to include a broader province-wide mandate of engendering a sense of pride by all British Columbians in their Capital and province.

Centered in Victoria, the Commission assumes primary stewardship for assets of historical and cultural significance within the capital region and dedicates itself to connecting and celebrating the capital with all citizens of the province through outreach and engagement programs.

Governance

Board members represent the interests and views from across the province. Included are directors appointed from the four core municipalities of the Capital Improvement District and those appointed by the Province; all chosen for the experience and expertise they bring to further the mission of the PCC. Collectively they set the Commission's direction, approve policy and ensure accountability for the public's interest. The Honourable Murray Coell, Minister of Community, Aboriginal and Women's Services, is the Minister responsible.

Board Membership at December 31, 2004:

Name	Position	From	Appointed
Bill Wellburn	Chair	Victoria	Order in Council
Beth Campbell	Vice Chair	Penticton	Order in Council
Barbara Brink	Director	Vancouver	Order in Council
Jane Durante	Director	Vancouver	Order in Council
Christopher Fairbank	Director	Nelson	Order in Council
Rob Fleming	Director	Victoria	Victoria Council
Bob Gillespie	Director	Saanich	Saanich Council
Rob Hunter	Director	Victoria	Order in Council
Russell Irvine	Director	Oak Bay	Oak Bay Council

Name	Position	From	Appointed
Pamela Madoff	Director	Victoria	Victoria Council
William Oppen	Director	Dawson Creek	Order in Council
Darwin Robinson	Director	Esquimalt	Esquimalt Council
Matt Vickers	Director	Hazelton	Order in Council
Leif Wergeland	Director	Saanich	Saanich Council

Vision

Connecting and celebrating the Capital with every British Columbian.

Mission of the PCC

- Delivery of programs that connect British Columbians to their capital and foster a sense of ownership and pride in the special character of their Capital city and the province it represents
- Responsible stewardship of public assets
- To create a concept of the Capital among the citizens of British Columbia as a venue to promote the diverse cultures and rich history of the province
- A self-sustaining Crown corporation

Values and Guiding Principles

Act with integrity by operating with openness, fairness and transparency.

Be respectful, inclusive and accessible.

Think, plan and act long-term.

Be socially responsible in everything we do by promoting long-term financial and economic sustainability, a healthy environment and the well-being of all citizens.

Balance the needs of the Capital and the province wide mandate.

Recognize and support the diversity of British Columbia's cultures, landscapes and history.

Manage the balance between our heritage properties and our province-wide mandate.

PLANNING CONTEXT AND KEY STRATEGIC ISSUES

Based on the consultations done by the Board during the past year three priority areas have been identified for attention during the next three years. These are:

- Outreach and engagement strategies and programs
- Continued stewardship role in planning for a new International Ferry Terminal on the PCC's Inner Harbour property
- Continued participation in the implementation of the Capital's Inner Harbour Master Plan

The PCC's activities will take place within an environment characterized by exciting opportunities brought through plans and initiatives such as the 2010 Olympics and future commitments towards realizing the vision for the Inner Harbour. Moving beyond the Capital region to engage citizens across the province is viewed as a great opportunity and one that will dominate our attention. Possible risks include short term financial losses associated with reduced rental revenues during periods of building remediation, environmental concerns with respect to properties and market competition for high value tenants; and on the program side, generating sufficient net income from PCC property assets to deliver desired outreach and engagement programs. The need to clarify the public's understanding within the Capital Improvement District of the PCC's expanded vision and mission is a challenge and an opportunity that will be addressed.

Effective governance is in place and staff capacity is now organized to undertake the challenge of implementing the PCC's strategies. Workload demands throughout the organization are significant and will be carefully managed. Changes will be made as required to ensure a well balanced, productive, and satisfying work environment. The corporation is also aware that there is a need to achieve greater internal efficiencies by upgrading management information systems.

SERVICE PLAN STRATEGIC GOALS, OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES

This Service Plan reflects the commitment to advance the change agenda embarked upon during the past year. The Commission has consolidated and refocused its earlier goals and objectives into three key strategic goals.

Goal 1: Create an embracing concept of the Capital for all British Columbians

This is to be achieved by creating a concept of the Capital as the historic and cultural centre of the province through strategies and programs that extend to all citizens of the province. During the period covered by this Plan the focus will be on outreach, engagement and communications to encourage the citizens of British Columbia to develop a lifelong appreciation of their Capital. The program delivery to achieve this goal will emphasize youth and children, history/ heritage, culture, Aboriginal peoples, and civic commitment.

Strategies:

Implement communications programs to reach the targeted audiences and promote the Capital through such initiatives as student visits.

Assess the impact and cost/benefit of outreach strategies through internal monitoring and external surveys, and redesign or refine the products and processes accordingly.

Reach out to Aboriginal peoples by facilitating opportunities and working in partnership with representative bodies.

Stage "Signature Programs" that will be exclusively identified as the corporate mark of the PCC.

Implement a series of child and youth focused outreach, engagement and communications strategies to connect this provincial population to their Capital and engage them in activities that manifest this connection.

Connect the regions to the Capital by providing the opportunities and support for having the Capital represented in the regions and a meaningful presence of the regions in the Capital.

Performance:

Successful performance in outreach and engagement strategies will be determined by the awareness of the PCC and its outreach among citizens of the province; numbers and percentages of citizens that respond to or participate in the various outreach initiatives as well as by evaluating their economic feasibility.
Success in implementation of an effective communications plan will be determined by various means including the extent to which the target audiences are aware of the PCC and its role in connecting the Capital with the province. As well, the PCC will be able to assess the desired elevation of their profile through a number of appropriate requests for information

	Performance Measures	2004/05	2005/06	2006/07	2007/2008
1.	Percentage of BC population:				
	a. aware of Provincial Capital Commission and its role in connecting British Columbians with their Capital	Develop survey and establish baseline	+2% from base	+4% from base	+6% from base
	b. with a sense of pride and history in the City of Victoria as the provincial capital	Develop survey and establish baseline	+2% from base	+4% from base	+6% from base
2.	Total participation in PCC Outreach Programs targeted for children and youth	Establish baseline	+5% from base	+8% from base	+10% from base
3.	Description and cumulative number of new outreach related initiatives	0	2	4	6

Goal 2: Optimize opportunities and revenues from all PCC assets to fund outreach programs

In order to achieve the goal of a financially viable, self-sustaining Corporation it is critical to ensure that assets and properties held in the public trust be dealt with in a manner that is consistent with responsible stewardship as well as the mission, values and guiding principles of the PCC.

Strategies:

Review those buildings and properties that are expense generating and implement plans to move towards a financial neutral or positive position.

Complete and implement plans for sustaining performing properties and for remediation or changes to properties required to enhance their revenue or opportunity potential while recognizing their heritage significance.

Follow sound risk management practices by implementing plans to manage risks that could result in loss of value, revenue or cost exposure to the PCC through setting priorities for mitigation strategies considering cost/benefit implications.

Complete remediation and optimize the lease of the CP Terminal Building, subject to funding availability.

Support the implementation of plans for the new International Ferry Terminal.

Performance:

Performance in this area will be measured by monitoring the extent to which each individual property is generating revenue relative to historical performance. New ideas to derive additional opportunities will be developed for each property and will be reviewed twice a year.

	Performance Measure	Base	2005/06	2006/07	2007/2008
1.	Annual revenue realized from all assets	N/A *	$2,585,000	$2,700,000	$2,760,000
2.	Number of commercial heritage buildings fully occupied (5 maximum)	1	2	3	4
3.	Cumulative savings realized from new cost reduction initiatives	--	$20,000	$40,000	$60,000

**Prior years included the operation of the Crystal Garden Conservation Centre which was closed in September 2004.*

Goal 3: Implement and adhere to governance and corporate best practices

Sound governance provides clear policy direction, establishes appropriate roles and responsibilities and public accountability. Assurance is provided by management through implementing best practices, including efficient and effective management of human resources, comprehensive corporate-wide risk management and thorough, meaningful and accurate reporting.

Strategies:

Continue with policy setting agenda of the Board.

Monitor implementation of corporate wide risk management strategy.

Approve best practices standards for management and financial reporting and monitor accordingly.

Annual evaluation of the Board, CEO and Board Chair.

Performance:

Measures will include quarterly management reporting on annual operating plan results with acceptable reasons for any deviation from plan performance.

Successful performance will also include quarterly enterprise wide risk management reporting and Board approval for committee recommendations.

	Performance Measure	Base	2005/06	2006/07	2007/2008
1.	Financial reporting linked to service plan goals	--	implement	to be determined	to be determined
2.	Board governance effectiveness	establish baseline	80%	85%	90%

ALIGNMENT WITH GOVERNMENT'S STRATEGIC PLAN

The Service Plan contributes to the broad government goal of supporting the social fabric through implementation of targeted outreach and engagement initiatives that ultimately include all citizens of British Columbia. This strategy also advances the interest of government in strengthening communities by pursuing partnerships involving various regions throughout the province.

In terms of striving for a strong and vibrant provincial economy, focusing on the Capital as a venue to promote the diverse cultures and rich history of the province and sound stewardship of the heritage assets and inner harbour properties will go far to making the Capital an attractive destination to visitors from around the world and for investors who value these elements therefore bringing economic benefits to the province.

FINANCIAL OUTLOOK SUMMARY

Figures in $ thousands

	2003/04 Actual	2004/05 Forecast	2005/06 Budget	2006/07 Forecast	2007/08 Forecast
Revenues	3,557	3,116	2,585	2,700	2,760
Expenses	(3,340)	(3,541)	(2,520)	(2,650)	(2,700)
Operating Income (Loss)	217	(425)	65	50	60
Funded from Reserves:					
Greenways/Beautification Projects	(246)	(255)	(174)	(10)	
Capital Expenditures	(685)	(665)	(765)	(40)	(60)
Capital Recoveries			700		
Retained Earnings	2,519	1,174	1,000	1,000	1,000
Full Time Equivalents *(excluding auxiliaries)*	24	17	11	11	11

Overview of Revenues and Expenses:

The financial outlook for 2003/04 and 2004/05 includes the operation of the Crystal Garden Conservation Centre to September 2004.

Current revenues include property leases with commercial tenants, and parking lots. Expenses include both operating costs and Outreach Programs. Operating costs are incurred for property management, program development and corporate governance, and include building expenses, staff salaries and benefits, contracted services, and other administrative expenses.

The outlook for Greenways and Beautification includes amounts paid and committed for previously approved projects.

Key Assumptions:

The PCC Financial Outlook Summary reflects a new strategic direction driven by the vision, mission and goals defined in the Service Plan.

In positioning for the future, the PCC has pursued the following changes:

- Developing and delivery of Outreach Programs
- Organizational restructuring to meet new business requirements
- Implementation of governance and business best practices
- Review of commercial heritage buildings for building remediation requirements, and opportunities to optimize return on investment as a means to fund public programs
- The closure of the Crystal Garden Conservation Centre to eliminate ongoing financial losses, and better align the use of the building with the PCC mandate
- Review of stewardship responsibilities in regards to open space properties

These changes have increased operating and program expenditures in 2004/05. However, the future benefits will be fully realized beyond 2007/08 when completion of building remediation on commercial heritage buildings and realization of the International Ferry Terminal plans will position the PCC to realize the revenue potential of its assets.

Risks and Sensitivities:

As part of its service plan, the PCC has developed an Enterprise Risk Management Plan in developing a framework to manage risks. The key risks and sensitivities to the PCC three year operating and capital plan are:

- Building remediation is conditional on source financing
- Tenant income is sensitive to building remediation and where applicable, percentage of sales performance
- Belleville Port Facility will be impacted in future years when construction of the International Ferry Terminal proceeds
- Funding for Outreach Programs is dependent on net revenue from commercial properties

MAJOR CAPITAL PROJECT INFORMATION

Capital expenditures include building remediation and maintenance/replacement of furniture and equipment. These costs are capitalized as assets and expensed over their estimated useful life based on generally accepted accounting principles.

The PCC does not have borrowing authority. Capital expenditures are funded from retained earnings (reserves) or financed through other sources (eg. leases).